

Service Date: January 30, 2001

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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IN THE MATTER OF MONTANA POWER	)	UTILITY DIVISION
COMPANY, Annual Application to Implement	)	
its Unreflected Gas Cost, Gas Cost Tracking,	)	DOCKET NO. D2001.1.1
and Gas Transportation Adjustment Clause	)	
Procedures	)	ORDER NO. 6318a

IN THE MATTER OF MONTANA POWER	)	UTILITY DIVISION
COMPANY, Application for Approval of a	)	
Proposed Sharing of Proceeds from Sale	)	DOCKET NO. D96.2.22
of Gas Production and Gathering Properties	)	
	)	ORDER NO. 5898f

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INTERIM ORDER

FINDINGS OF FACT

1. On January 19, 2001, Montana Power Company (MPC) filed an application with the Public Service Commission (PSC or Commission) for an overall increase in natural gas revenues to reflect MPC's annual Gas Tracking, Unreflected Gas Cost Account, and Gas Transportation Adjustment Clause (GTAC). The gas tracker includes a reconciliation of the actual gas costs and revenues for the 14 months ending October 31, 2000, plus the months of November and December 2000, in the form of the amortization of the Unreflected Gas Cost Balance, and the projection of gas costs for the tracking period November 1, 2000 through October 31, 2001. The overall net increase associated with the adjustments created by the current tracking year's activities is \$50,508,024. By adding the extinguished unit rate adjustments of \$622,912, which were effective for service on and after December 9, 1999, to the current tracking year's activities of \$50,508,024, the result is a net increase in annual revenues of \$51,130,935.

2. MPC states that the proposed increase is required to: 1) reflect an increase in the projected gas costs for the period of November 1, 2000 to October 31, 2001; 2) amortize the balance in the Unreflected Gas Cost Account Balance (as adjusted) for the fourteen-month period ending October 31, 2000, plus November and December 2000; 3) amortize the GTAC Balance (as adjusted) for the fourteen-month period ending October 31, 2000; and 4) extinguish the unit amortizations in the current tariff sheets approved pursuant to PSC Order No. 6212.

3. The adjustments reflect 126.23% increase in gas costs and results in an overall increase in the commodity rate of 51.59% for the core residential customers, 51.83% for the general service customers, and 125.58% for the utility class customers. The transportation commodity rate at the distribution level for firm service decreases 0.29%. The transportation commodity rate at the transmission level for firm service increase 73.17% and the interruptible service transportation commodity rate increase by 3.97%. The storage reservation charge for firm storage service decreases by 12.41%.

4. The net revenue impacts by rate class of the filing are as follows:

Proposed Adjustments

	<u>Residential</u>	<u>General Service</u>	<u>Utility</u>	<u>Firm Transport.</u>	<u>Total</u>
Gas Cost Increase	\$24,123,037	\$11,561,854	\$451,638		\$36,136,529
Adj. Unreflected Gas Cost Balance (10/31/2000)	\$9,602,374	\$4,602,291	\$179,778		\$14,384,444
Adj. GTAC Bal. (10/31/2000)	\$84,574	\$45,524	\$2,786	\$93,384	\$226,268
Net Revenue Change	\$33,809,985	\$16,209,669	\$394,985	\$93,384	\$50,747,241

Current Adjustments

Adj. Unreflected Gas Cost Balance (10/31/99)	\$546,477	\$261,919	\$10,231		\$818,627
GTAC Balance (10/31/99)	(\$299,261)	(\$143,432)	(\$5,603)	(\$242,590)	(\$690,886)
Refund - Created by Rate Decrease - Order No. 5898d	(\$507,443)	(\$243,211)			(\$750,653)
Net Revenue Change	(\$260,227)	(\$124,723)	\$4,628	(\$242,590)	(\$622,912)
Net Rev. Impact	\$34,070,212	\$16,334,392	\$390,357	\$335,974	\$51,370,153

5. The change in rates per rate class are as follows:

	<u>Current</u>	<u>Proposed</u>	<u>Change</u>
<u>Core:</u>			
Residential			
Gas Cost	\$2.020	\$4.570	126.23%
Trans/Stg/Dist	<u>3.056</u>	<u>3.125</u>	<u>2.24%</u>
Total Commodity	\$5.076	\$7.695	51.59%

General Service			
Gas Cost	\$2.020	\$4.570	126.23%
Trans/Stg/Dist	<u>3.034</u>	<u>3.104</u>	<u>2.29%</u>
Total Commodity	\$5.054	\$7.674	51.83%
T-FUGC-1			
Gas Cost	\$2.020	\$4.570	126.23%
Trans/Stg/Dist	<u>0.052</u>	<u>0.104</u>	<u>100.38%</u>
Total Commodity	\$2.072	\$4.674	125.58%
D-FTG-1			
Reservation	\$6.124	\$6.106	(0.29%)
T-FTG-1			
Commodity	\$0.041	\$0.071	73.17%
T-ITG-1			
Commodity	\$0.313	\$0.325	3.97%
T-FSG-1			
Reservation	\$4.610	\$4.038	(12.41%)

6. On January 19, 2001, in addition to the requested increase, the Montana Power Company filed a request with the Public Service Commission for an overall decrease in natural gas revenues to reflect the sale of MPC's former Natural Gas Production and Gathering Properties. In Docket No. D96.2.22, MPC entered into Stipulation Agreement #3, which was approved by the Commission in Order No. 5898d. Pursuant to Stipulation #3, MPC is to share proceeds of the sale of the properties. MPC has proposed a credit for its customers of \$32,549,128. MPC had planned to remit the proceeds to its customers over an approximate 11-year remaining life of the CTC-GP. Due to the significant increase in gas costs during the last several months MPC is proposing to return this credit over a one-year period.

7. The proposed rate credit by customers class are as follows:

	<u>Residential</u>	<u>General Service</u>	<u>Utility</u>	<u>Firm Transport</u>	<u>Total</u>
CTC-GP Credit	(\$19,760,576)	(\$9,471,796)	(\$371,060)	(\$2,945,696)	(\$32,549,128)

8. The proposed rate change is as follows:

	<u>Current Rate</u>	<u>New Rate</u>
CTC-GP Credit	(\$0.063)	(\$1.579)

9. MPC seeks current gas cost recovery according to the 2000 – 2001 Tracking Case Gas market/Supply/Cost Summary (Proprietary Information), which incorporates the gas mix effects of Stipulation No. 3 in PSC Docket No. D96.2.22.

10. The typical residential “core” customer using 120 dkt of natural gas a year, will find the net result of these two filings will be an overall annual increase of \$132.36, which averages approximately \$11.03 a month, higher in the winter and lower in the summer.

11. The Commission finds that the elements of the tracking filing described in the above Findings of Fact are acceptable for interim purposes.

12. The Commission finds that continuing to reflect accounting treatment through the GTAC mechanism, as initially approved in PSC Order No. 6114d is appropriate on an interim basis.

13. The Commission finds that the sale of proceeds and the corresponding credit are appropriate on an interim basis.

### CONCLUSION OF LAW

1. Montana Power Company provides natural gas service within the State of Montana and as such is a “public utility” within the meaning of § 69-3-101, MCA.

2. The Montana Public Service Commission properly exercises jurisdiction over the Montana Power Company’s rates and operations pursuant to Title 69, Chapter 3, MCA.

3. The Commission may at its discretion, within the scope of § 69-3-304, MCA, make temporary approvals of requests pending a hearing or final decision.

4. The rate levels and spread approved in this Order are a reasonable means of providing interim relief to MPC. The rebate provisions of § 69-3-304, MCA, protect ratepayers until there is a Final Order in this Docket.

### ORDER

1. The Montana Power Company shall implement, on an interim basis, rates designed to increase annual Montana jurisdictional natural gas revenues by \$51,370,153.

2. The Montana Power Company shall implement, on an interim basis, rates designed to

decrease natural gas revenues for a one-year period by \$32,549,128.

3. MPC shall adhere to and abide by all provisions in the Interim Order. All rate schedules shall comply with all determinations set forth in this Interim Order.
4. MPC must file tariffs in compliance with the Findings of Facts in this Interim Order.
5. Nothing in this Order precludes the Commission from adapting in its Final Order a revenue requirement different from that contained in this Interim Order.
6. Any interest associated with a refund that might result from the final revenue increase granted in this Order will be computed at 11.25 percent, the approved return on equity for this Interim increase.
7. Interim approval of any matters in this proceeding should not be viewed as final endorsement by the Commission of any issues, calculations, or methodologies approved in this Order.
8. This Interim Order is effective for service rendered on and after February 1, 2001.

DONE IN OPEN SESSION at Helena, Montana on this 29<sup>th</sup> day of January 2001 by a 5 to 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

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GARY FELAND, Chairman

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JAY STOVALL, Vice Chairman

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BOB ANDERSON, Commissioner

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MATT BRAINARD, Commissioner

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BOB ROWE, Commissioner

ATTEST:

Rhonda J. Simmons  
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.

